

Message Text

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PAGE 01 VIENNA 05808 131505Z

54

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FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 9090

INFO AMEMBASSY BERN

USCINCEUR VAIHINGEN, GERMANY

C O N F I D E N T I A L VIENNA 5808

DEPT PASS DOD AND CHIEF OF STAFF AIR FORCE

COMMERCE FOR MAJOR PROJECTS DIVISION

EO 11652: GDS

TAGS: PFOR, MASS, AU

SUBJECT: POTENTIAL SALE OF NORTHROP F-5E AIRCRAFT TO AUSTRIANS

REF: VIENNA 10389

1. SUMMARY: FINAL GOA DECISION ON WHETHER OR NOT TO PURCHASE NEW INTERCEPTORS HAS BEEN DELAYED AGAIN, PROBABLY UNTIL SPRING 1977. END SUMMARY..

2. NORTHROP REPS FROM U.S. AND SWITZERLAND VISITED VIENNA EARLY JUNE TO REASSESS PROSPECTS FOR SALES OF F-5E AIRCRAFT TO AUSTRIA. AFTER CONFERRING WITH DEFENSE MINISTRY OFFICIALS, NORTHROP REPS TOLD DEFENSE ATTACHE OFFICE (DAO) THAT DECISION ON WHETHER OR NOT TO PURCHASE ANY NEW AIRCRAFT HAD BEEN PUT OFF UNTIL SPRING 1977. DEFENSE MINISTRY OFFICIALS REPORTEDLY SAID THEY WOULD TRY TO GET NATIONAL DEFENSE COUNCIL TO AGREE THAT AUSTRIA NEEDS NEW INTERCEPTORS AT ITS FALL SESSION AND THEN NEXT SPRING TRY TO OBTAIN APPROVAL FROM SAME BODY TO PURCHASE THEM.

3. NORTHROP INFORMATION CONSISTENT WITH RECENT
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PAGE 02 VIENNA 05808 131505Z

PUBLIC STATEMENTS ON FIGHTER ISSUED BY TOP GOA

OFFICIALS. CHANCELLOR KREISKY STATED PUBLICLY FOLLOWING A MAY CABINET MEETING THAT HE WAS NOT CONVINCED AUSTRIA NEEDED NEW INTERCEPTORS AND THAT OTHER DEFENSE REQUIREMENTS HAD GREATER PRIORITY. ON THE SAME OCCASION FINANCE MINISTER ANDROSCH STATED THAT THE ROUGHLY \$100 MILLION WHICH WOULD BE NEEDED TO PURCHASE NEW AIRCRAFT WOULD HAVE TO BE TAKEN OUT OF THE MILITARY'S REGULAR PROCUREMENT BUDGET SINCE ADDITIONAL FUNDS WOULD NOT BE AVAILABLE. DEFENSE MINISTER LUETGENDORF CONCEDED THAT OTHER DEFENSE NEEDS WERE OF GREATER IMPORTANCE BUT INDICATED HE WOULD TRY TO GET AT LEAST A PRELIMINARY DECISION ON THE FIGHTER QUESTION AT THE NATIONAL DEFENSE COUNCIL MEETING THIS FALL.

4. ANOTHER NEW VARIABLE IN THE AIRCRAFT EQUATION IS A REPORTED OFFER BY ISRAEL TO SELL AUSTRIA KFIR INTERCEPTORS AT 20 PERCENT LESS THAN COMPETING PLANES AND WITH PAYMENT IN AUSTRIAN STEEL AND OTHER PRODUCTS. THE ISRAELI PROPOSAL SEEMS TO HAVE COME ABOUT THROUGH BI-LATERAL ECONOMIC DISCUSSIONS RATHER THAN TALKS BETWEEN THE TWO MILITARY ESTABLISHMENTS. A JULY 1 NEWSPAPER REPORT INDICATED THAT AN AUSTRIAN MILITARY PILOT HAD GONE TO ISRAEL TO "TEST FLY" THE ISRAELI PLANE. NEVERTHELESS, NORTHROP STILL CONSIDERS SWEDES AND FRENCH TO BE ITS STRONGEST COMPETITORS.

5. COMMENT: GIVEN (A) CHANCELLOR KREISKY'S BELIEF THAT AUSTRIA'S ROLE AS A NEUTRAL, INTERNATIONAL MEETING PLACE IS ITS SUREST DEFENSE, (B) AUSTRIAN BUDGETARY STRINGENCIES OVER NEXT YEAR OR TWO AND (C) LINGERING SUSPICIONS OF A STRONG MILITARY IN THE SOCIALIST PARTY, EMBASSY AND DAO CONCLUDE THAT DECISION ON AIRCRAFT PURCHASE WILL BE DELAYED AT LEAST UNTIL NEXT YEAR. BUCHANAN

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